
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 10.20.2010

Wall Street Journal: "Banks must rethink their strategies; The expected added cost of regulation renders the old banking business model obsolete. ... The "Swiss Finish" that adds a 5% topping to Basel III Tier-1 rules and 9% of contingent capital will require UBS and Credit Suisse to hold capital equal to 19% of risk-weighted assets by 2019. One might have thought that with more than 16% Tier-1 capital ratios, these banks would easily be able to meet any enhanced requirements Swiss authorities might decide to finish up with."

Wall Street Journal: "U.K. Treasury Chief Details Spending Cuts ... U.K. Chancellor of the Exchequer George Osborne laid out sweeping spending cuts Wednesday, sticking to the timetable he unveiled in June for paring back the budget deficit."

Wall Street Journal: "China Sparks Wide Sell-Off ... China surprised investors by raising interest rates Tuesday, sparking a world-wide sell-off in stocks, commodities and emerging-markets currencies as investors lowered their expectations for Chinese growth, which has been seen as a key driver of the global economy."

Wall Street Journal: "U.K. Public-Sector Borrowing Rises Steeply ... The U.K. public sector borrowed £16.2 billion (\$25.44 billion) in September, the Office for National Statistics said Wednesday, with central-government spending rising sharply. Gross mortgage lending grew at a marginally slower pace in September from August and was the lowest September total in 10 years."

Wall Street Journal: "IMF: Emerging Europe Must Cut Deficits ... Governments in emerging Europe must act quickly to cut their budget deficits or else risk fiscal crises similar to those experienced by Greece that would inflict severe damage on already weakened banking systems, the International Monetary Fund said Wednesday."

Wall Street Journal: "Bernanke's Inflation Target Misses the Mark ... In an important speech last week in Boston, Federal Reserve Chairman Ben Bernanke proposed that the central bank pursue a monetary policy that would encourage some growth in the rate of inflation, presumably a 2% annual rate of increase in the core rate of the personal consumption price index (excluding the cost of food and energy)."

Washington Post: "N.Y. Fed joins investors demanding Bank of America buy back mortgages ... The Federal Reserve Bank of New York has joined a group of investors demanding that Bank of America buy back billions of dollars worth of mortgage securities that are plagued with shoddy documentation and lending standards, according to people familiar with the matter."

Washington Post: "Bank of America disputes amount of mortgages needing refunds ... Bank of America disagreed Tuesday with predictions that it could be forced to buy back a staggering amount of mortgages on the grounds that it misrepresented their quality or botched the paperwork when it sold them to investors."

Washington Post: "Dollar Weakens on Economic Outlook; U.S. Futures, Oil Rebound ... The dollar snapped a three-day rally against the euro on concern the economic outlook is worsening and as a legal dispute about U.S. mortgage practices escalated. Standard & Poor's 500 Index futures rose after the benchmark gauge dropped yesterday by the most in two months."

Washington Post: "Task force probing whether banks broke federal laws during home seizures ... Federal investigators are exploring whether banks and other financial firms broke U.S. law when using fraudulent court documents to foreclose on people's homes, according to sources familiar with the effort."

Washington Post: "Fed moves to close credit card loophole that allows excessive fees ... The Federal Reserve on Tuesday moved to stop credit card issuers from using a regulatory loophole to charge the most vulnerable customers exorbitant sign-up fees."

Washington Post: "Failing Banks Could Be Seized Under European Plans ... Regulators may be given powers to take control of ailing European banks, suspend dividend payments, and force lenders to sell risky business units under plans to protect public finances from future financial crises."

Washington Post: "Biggest Banks Face 'Country-to-Country' Capital Rules ... Capital and liquidity rules for banks deemed too big to fail may vary 'country to country,' the chairman of a global group of financial regulators said."

Washington Post: "Banks' foreclosure hustle ... The banks have resumed foreclosing again."

NY Times: "Fed Wants Banks to Buy Back Some Bad Mortgages ... To the long list of those picking fights with banks over bad mortgages, add the Federal Reserve."

NY Times: "Intermission, at Best, in Battle Over Foreclosures ... Bank of America may be trying to bring down the curtain on the foreclosure furor, but there were numerous indications Tuesday that the problems would not move off-stage so quickly."